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MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No. 2880 P.W.D.	Press
Dated 6th December 1872.	

Not to be folded or roughly handled

No. 137.

PUBLIC WORKS DEPARTMENT,
FORT ST. GEORGE, *6th December* 1872.

No. 2,880.

To

THE RESIDENT IN TRAVANCORE AND COCHIN.

IRRIGATION, No. 7.

SIR,—I am directed by the Right Honourable the Governor in Council to reply to your communication of the 17th September 1869, No. 79, regarding participation by the Travancore Government in any profits which may arise from the Perryaur Project now under consideration.

2. His Excellency in Council, I am desired to say, is prepared to assign to the Travancore Government one-half of the net profits which may arise from use of water originally the exclusive property of the Travancore Sirkar. Such net profits consisting of the sum realized for the water after deducting interest on the capital expended, the expense of maintenance, and the charges of collection, according to the accounts of the same which have to be rendered to the Supreme Government.

3. As regards the rate of interest on the capital expended, having in view the risk and contingencies to which a work of the kind in question is necessarily exposed, and from participation in which the Travancore Government is exempted, His Lordship in Council is, I am instructed to state, of opinion that this interest should be 8 per cent. upon such capital.

4. I am to request that this Government may be favoured with the views entertained by the Travancore Sirkar on this subject at an early date in order that they may be laid before the Government of India and the Home Government, together with the professional papers relating to the project, which are now under examination.

I have the honour to be,
Sir,
Your most obedient servant,

Colonel, R.E.,
Secretary to Government.

Exd. C. E. Shunker.

4

Govt. of {1872} Madras.

PUBLIC WORKS.

To

THE RESIDENT IN TRAVANCORE

AND COCHIN.

Dated December 6th.

Recd. *Encl.*

G. O., *6th December* 1872, *No.* 2,880.

DECEMBER.

No. 137

REQUESTING to be favoured with the views of the Travancore Government on the subject of the proposals which have led this Government to assign one-half of the profits which may arise from the Perryaur Project.

5/

Memorandum

At the request of the Acting Chief Engineer for Irrigation, the undersigned has the honor to bring to notice that the subject of par:
:ticipation by the Travancore Sirkar in the profits of the Perryaur Works, regarding which a future reply was promised in Coll Ors's letter No. 3769 of 29th November 1869, does not appear yet to have been disposed of.

In letter from the Dewan of Travancore to the Resident, a claim for half of all net profits over 5 per cent, is made, the British Government undertaking all outlay and risk. Such a claim

claim is more likely to have originated with the late Dewan than with the Maharajah him=self. It is preposterous, and will no doubt be modified to some such terms as those on which Planters are permitted to take up Hill Lands in Travancore. The Mysore Government have never thought of making such an exorbitant demand as that under note, with reference to Re=servoirs proposed on the Toonga and Budra Rivers, for supply of the Madras Irrigation Works.

Pending

Has the issue been raised? J.D.S.

Yes — with reference to ground taken up by the Govt. Bombay in extending the waterspread of [illegible]

7/

Pending sanction for the Main Perryaur Project now passing through the hands of the Chief Engineer for Irrigation, the lesser project alluded to in G.O. No. 473 of 11th February 1870 may be examined and reported on by available Officers formerly employed on the Main project.

I concur [illegible]

Ootacamund 31st July 1872

[illegible] Col. R.E.
Chief Engineer D.P.W.

It is absolutely necessary that we should come to a definite understanding with the Travancore Sirkar - as to the sum we are to pay for the water or the degree in which they are to participate in the anticipated

[illegible]

8

profits of the work. It is indeed to be expected that this was but once done.

I believe the Periyar river rises in Travancore territory — and that its course runs through it. If this be the case the water is the exclusive property of that State. The net profits of the work will of course consist of the sum realised for the water after deducting interest on capital, maintenance & charges of ~~capital~~ collection.

There are only 2 ways I think in which we can settle with the Travancore State — viz. 1. by paying for the water by volume as taken — 2. by giving them a certain share in the profits realised. The first, if feasible, has much to recommend it — as, among other advantages, we shall thereby escape all the difficulties which arise in the many cases where the water only tribble ment an existing subsidy. the result of course

take care & not let the water run to waste. and we must be careful in our calculations of what we can realise for the water - after we have bought it.

The other course is that adopted by the Government pot. They propose to allow in 5% on the capital invested and share the surplus net profits equally. The interest proposed is manifestly too small - we cannot borrow much if at all under 4 1/2 per cent. and money invested in a work of this kind is exposed to risk & contingencies which place such an investment on a worse footing than money invested in the funds. I suppose we might well take 8 or 9 per cent as a fair rate of interest, taking these risks into consideration. If this - or whatever may be considered a fair rate be taken. I do not think the Circars claim to a moiety of the net profits unreasonable

It is of course understood that we deduct from the gross returns yearly all charges incurred for repairs & maintenance of the main works & its subsidiary channels &c. (all improvements of a material & permanent character being added to capital for all establishment expenses - Compensation for rights invaded - Expenses of collection &c - And that the Government put accounts due returns & under all these fixed principles & do not claim to exercise any further control or concern in the works or their ~~them~~ administration.

We should instruct the Colr to come to some definite

11

understanding in the Govt. does (without however committing the Govt.) or he should [illegible] the hereafter. This had better be done through the Govt. of Bd.

If the Travancore Govt. demands to a higher rate of interest than 5% then its claim to their share of the net proceeds should be substantially reduced.

L. O. S.
3/8.

I understand that the Travancore Govt. finds in this case the territory[x] and the water: and if that be so, I do not think it unfair that they should receive half the net profits of the undertaking. The net profit would be the same whether

x only up to a maritime point.
A.P.

remained after deducting from the gross receipts a fair interest (say 8 p.ct.) on the capital expended, the cost of maintenance and the cost of collection.

JH

RJP

Without further information on the subject, I cannot say how far it might be desirable, as suggested by Col. Walker, to offer the territory to which he refers in part payment for the Water?

We ought to have definite information on this point before again addressing the Travancore Government.

RJP

14

14

Note by Ch. Eng.r

There is some British Territory at Anjengo, use-less to our Govt. but valuable to Travancore – If not already ceded, as that at Tanga-cherry is under-stood to have been might it not be offered now as part of the equi-valent for water taken?

G.M.W.

15

Note by the Res.

The negociation regarding the transfer of Anjengo Tangacheri & the Tattoo Lands of the Travancore Sirkar & State in full sovereign right, in exchange for territory to be ceded on the frontier of Tinnevelly on the east side of the Ghauts, has reached the stage of 3 alterna:tive selections of territory

16

being made by the Col. Sec.y of
Dominica by reference to the
Dominican authorities
for consideration –
with the result of their
selecting one – but not
that now proposed by this
Govt. – These papers are
now abt. to be circulated
with a Memo: narrating
the history of the deposition
as desired in Council.

L.F.

18

Memo: by Clarke.

2880 P.W. Dept. 19/Irrign

No. 2880.

To

The Resident in

Travancore & Cochin.

Sir,

I am directed by the Right Honorable the Governor in Council to reply to your communication of the 17th Septr 1869, No. 79, regarding participation by the Travancore Government in any profits which may arise from the Perryaur Project now under consideration.

His Excellency in

Which it has been determined not to negotiate about exchange of territory for Anjengo referred to in a note by the Ch Engineer

W.H.

20

in Council, I am desired to say; recognizes the justice of the claim made for participation in the net profits which may arise from use of water originally the exclusive property of the Travancore Sirkar. Such net profits consisting of the sum realized for the water, after deducting interest (at 4½ per cent) on the Capital expended, the expense of maintenance, and the charges of collection; according to the accounts of the same which

is prepared to assign to the Travancore Govt. one half of the net profits

Council

which have to be render-
-ed to the Supreme
Government.

~~But~~ having in
view the risk and
contingencies to which
a work of the kind
in question is necessa-
-rily exposed, and
from participation
in which the Travan-
-core Government is
exempted, His Lordship
in Council is, I am
instructed to state,
of opinion that this
Government should be
allowed to take the
higher rate of 8 per Cent
on

to repay the rate of interest on the capital expended

~~interest on its~~ that this interest should be ~~calculated~~ at 8 pct. ~~on the~~ upon such capital.

on the Capital sunk, (Exclusive of the 4 1/2 per Cent already mentioned) before admitting the Travancore Government to a half share of further) net profits.

I am to request that this Government may be favored with the views entertained by the Travancore Sirkar on this subject at an early date in order that they may be laid before the Government of India and the Home Government together with the professional papers relative

Rec'd

23

relating to the project, which are now under examination.

G.M.W

25
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Govt. of {1872} Madras.

PUBLIC WORKS.

To The Resident in Travancore and Cochin

Dated

Recd. Encl.

G. O., 6th Decr 1872, No. 2880.

Nos. 137

Requesting to be
favored with the views
of the Travancore Govt.
on the subject of the ~~per-~~
~~fectus~~ proposals
which have led this
[illegible]t to assign one half
of the profits which may
[illegible]e from the Periyaur